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CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

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INFORMATION REPORT

COUNTRY

Germany (Russian Zone)

DATE DISTR. 2 September 1948

SUBJECT

Comment on the Eastern Zone Constitution

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SUPPLEMENT TO REPORT NO.

- 1. The first draft of the constitution prepared by the Volkarat on 20 July 1948 was written by Professor Steiniger of SED. He based his version on a draft originally prepared by SMA and presented to the Polithure in Moscow; this was brought back from Moscow between 10 and 15 July 1948 by Russian Captain Markov. After Steiniger and the Volkarat had re-edited it, the plan was presented to SMA by Crotewohl on 21 July in an audience with Marshal Sokolovski The draft was to be presented to the Plenum of the Volkarat on 27 July and was expected to be approved unanimously, and Berlin political circles believe it will be proclaimed early in September.
- 2. Members of the Volkmat believe that Crotswohl will become president of the new government and Professor Steiniger minister-president, although the positions of the two may be reversed. The new capital is expected to be at Laipzig. 25X1A

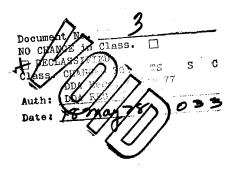
Commant: It has been previously conjectured that the seat of the Comman branch of the Cominform may also be located in Leipzig)

- 3. A member of the Volksrat reported that SMA would permit the new Muscian Zong government to establish a militia of approximately one hundred thousand men. The backbone of the organization was to be formed members of the Rote Front-kampferbund, old Communist fighting units, who have been undergoing training scheduled for completion on 1 September 1948. Intentry type training (Framer system) was in progress at the police school at Finkenkrug near Berlin and motorized infantry training at Teltow. Some groups of four hundred HFS former members were trained for six-week periods by the Berlin police, with additional instructions from Russian officers and International Brigade members. The Volksrat member stated that no members of the National Somite Fraiss Delicachland had been seen at either Finkenkrug or Teltow.
- 4. Another member of the Volkerat reported on 23 July that the ministries of the new government would be made up largely of electors of the Lik. Although it was rumoved that there was no decision as to which as in functions would now to Leipzig, it was reasonably cartain that the Leip Administration of the interior of DVK from Wilhelmsvoh would become the binistry of inverior of its new government, with a chief appointed by the SMF. It also appeared fairly certain that the Lein Administration for Finance of the DVK would occur the

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new government Finance Ministry. with Mayer as the first minister. It was considered probable that the foreign trade Abrechnungskontor (AAR) in Jagerstrasse and the Garantie und Kreditbank would be placed under the new Ministry of Finance. The heads of the ministries would probably be called presidents.

- 5. The New Ministry of Foreign Affairs, it was thought certain, would be made up of personnel from the Lain Administration for Interzonal and Foreign Trade (HVIA) of the DWK. A further likelihood was that the Deutsche Handelsgesellschaft, Linkstrasse 16. founded in July 1948 with a clear import-export monopoly from SWA, would be transformed into the Ministry of Economy. It was not, however, believed that Orlopp, head of HVIA, would become a minister, since he was rumored to be out of favor with Earlshorst, where he was opposed by Colonel Michin and Maletin of the Finance Division of SWA.
- 6. Members of the Luk believed that Rau would be recalled to take over an important position in the foreign trade field, and SED circles considered it possible that he might become foreign minister. Dahlem is reported to have said that since Rau had been a colonel in the International Brigade he had done more to prove his radicalism and worth than Orlopp.

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Comment: Rau was reported in the Berlin papers about 25 July to have resumed his position at the DAK after a vacation at Arendsee.

